

Press Conference



Frederick County Executive Jan Gardner
May 18, 2016



Citizens Nursing and Rehabilitation Center and Montevue Home

Frederick County Executive Jan Gardner

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Citizens & Montevue



Agreements accomplish important goals:

- County retains Citizens and Montevue
- Continue our longstanding mission to take care of our own, honor the 1828 deed on the property, and keep our promise to our seniors.
- Take care of people

Citizens & Montevue



Costs taxpayers less than selling these facilities

- While retaining valuable assets
- And services that matter to people

Demonstrates

- A fiscally responsible and sustainable operating model

Citizens & Montevue



Citizens Nursing and Rehabilitation Center

- 170 beds
- Skilled Nursing
- Rehabilitative Services
- State of the Art Facility

Montevue

- 75 beds
- Assisted Living
- State of the Art Facility
- Indigent and Private Pay Residents



History – Citizens and Montevue



1828 : Brunner Family sold property to county
for the exclusive purpose to serve the poor

1832 : First almshouse (Montevue) opens

1862/1863: Almshouse farm operated as Civil War hospital

1871: County opens new, five-story Montevue Hospital

Served many purposes over time including:

- Mental health facility; and
- An African American hospital

1976: Citizens Nursing Home opens

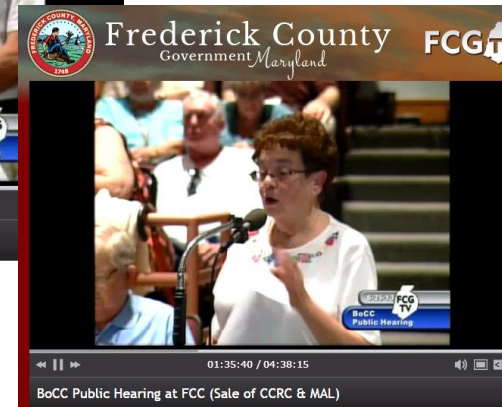
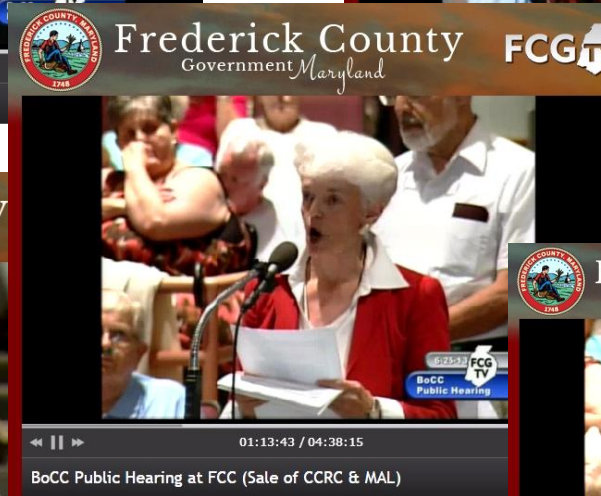
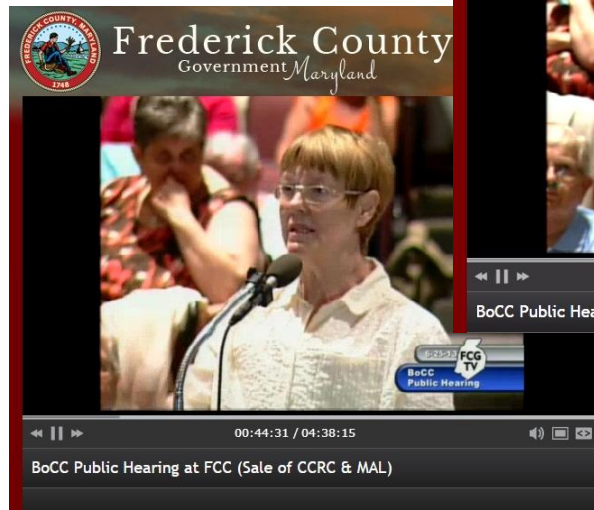
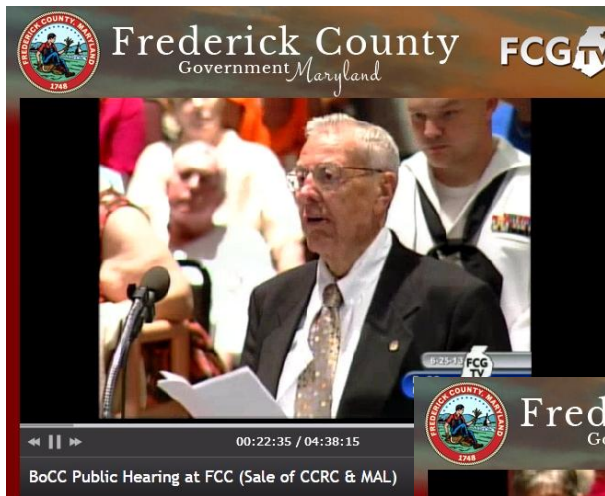
1987: New Montevue building opens

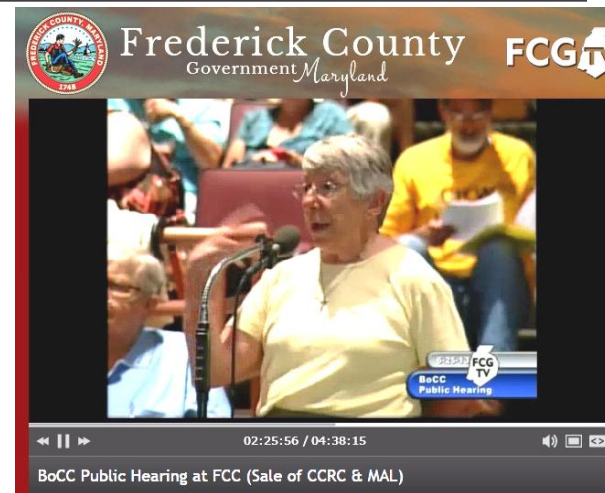
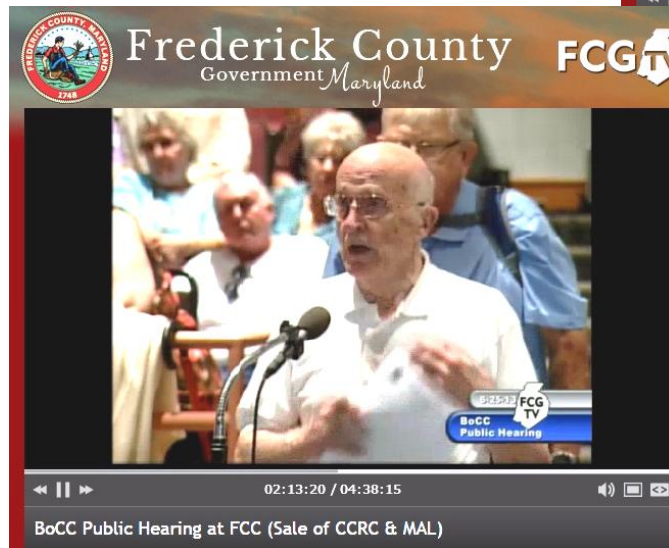
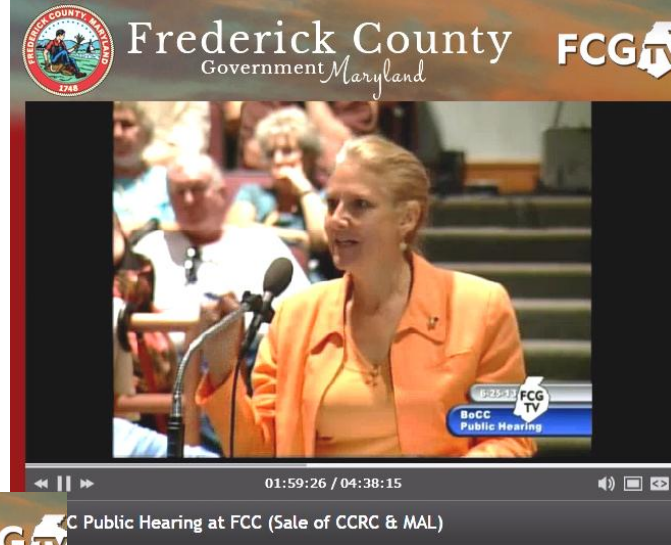
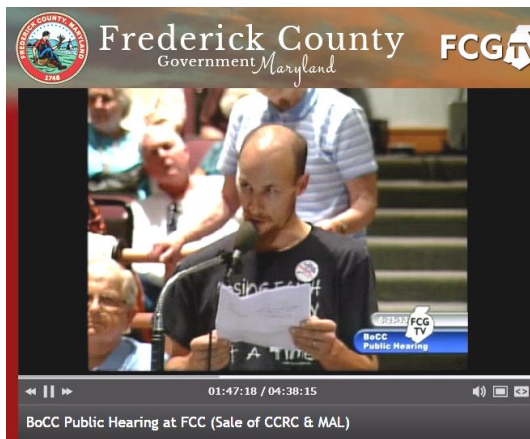
History of Citizens and Montevue



- 2009:** Ground broken for new Citizens and Montevue facilities
- 2012:** June of 2012, ribbon-cutting ceremony and celebration for new facility. In November 2012, BOCC pursues privatization.
- 2013:** June of 2013, BOCC votes to sell Citizens and Montevue in face of strong citizen opposition.







It Was a Bad Deal



Value of Assets:

Building/Facilities	\$ 38,000,000
7.5 acres Parcel of Land	\$ 7,500,000
Accounts Receivable	<u>\$ 4,500,000</u>
Total Value of Assets	\$50,000,000

Proposed Sale of Assets

Building/Facilities	\$ 29,600,000
7.5 acres Parcel of Land	\$ 400,000
Accounts Receivable	<u>\$ 1,500,000</u>
Total Sale Proposed by BOCC	\$ 31,500,000

Loss of Assets \$18,500,000

Taxpayer Costs to Sell



Closing Costs

Realtor Commission	\$ 750,000
Taxes, Legal Fees, Closing Costs	\$ 750,000
Mortgage payoff	<u>\$ 6,700,000</u>
	\$ 8,200,000

Other Taxpayer Costs

Continuing Care Agreement	\$10,700,000
Accrued Employee Benefits	\$ 367,000
2 yrs taxes & maintenance	<u>\$ 1,600,000</u>
	\$ 12,667,000

TOTAL COST TO SELL – Over \$20 Million

Sale of Citizens/Montevue



Bad Deal

Loss of Assets	\$ 18,500,000
Closing Costs	\$ 8,200,000 *
Other Costs	<u>\$ 12,667,000 *</u>
Total	\$ 39,367,000

And, the county would not own the facilities or land

*** \$8.2 million not yet paid; \$7.2 million not yet paid = \$15.4 million not yet paid**

Retaining Citizens/Montevue



NO NEW MONEY NEEDED TO RETAIN CITIZENS AND MONTEVUE

Settlement:

At Closing: Will Pay \$5.5 Million

*This money is currently in Escrow for payments due
under the Continuing Care Agreement

\$3.25 million – due May 1, 2015

\$2.25 million - due May 1, 2016

Retaining Citizens/Montevue



Additional Payments are due over time
totaling \$2.35 Million

- If certain performance conditions are satisfied

Total Cost of Settlement: \$7.85 Million

Retaining Facilities



Spend additional
\$15.4 million



To Sell Facilities
No Assets
No Services

OR

Spend \$ 7.85 million →

To Retain Facilities
Provide Services
Keep the Promise

Retaining Facilities - Transition



Settlement Provides for a Transition Period

Aurora will operate facilities for 18 months

- Below market management fee – 4.5%
- Guarantee minimum profit to the county of \$2.5 million on an annualized basis

Retaining Facilities - Transition



WE WILL MOVE FORWARD

WITH SHARED GOAL OF PEOPLE FIRST

- Quality Care for all Patients
- Fair Treatment of all Employees
 - Employees will retain their jobs
- Restore admissions of indigent elderly at Montevue
 - After settlement takes place

Retaining Facilities - *Making Plans*



- **Financial Oversight by County Staff**
- **Appointment of an Advisory Committee**

Develop and Evaluate Options for Long-term Operations

Members include:

- Medical professionals
- Assisted living and skilled nursing center professionals
- Former trustees
- Public Members

SUMMARY – Settlement Agreements



- County will retain ownership of Citizens and Montevue
 - Will keep the promise to our seniors/indigent elderly
 - Will honor the deed on the property
 - Will take care of people – Patients and Employees
- County will pay half as much to as it would cost to sell Citizens and Montevue (\$7.85 M vs. \$15.4 M)

SUMMARY – Settlement Agreements



- Aurora will manage Citizens and Montevue for 18 months
 - And, guarantee a minimum of \$2.5 million in profit to the county on an annualized basis
- Transition and Planning for the future
 - County will provide financial oversight
 - Advisory Committee appointed
 - To assist in evaluating and developing a long-term operating plan

Information



www.FrederickCountyMD.gov/CitizensMontevue